



Prostitution Licensing Authority
Annual Report 2005-06

Communication Objectives of this Report

The Prostitution Licensing Authority's (PLA) Annual Report has been prepared to provide readers with a concise summary of the Authority's activities and performance during the 2005-06 financial year. Our Annual Report serves as the primary mechanism through which we meet our accountability and statutory reporting obligations.

The document accords with the *Financial Administration and Audit Act 1977*, other legislative requirements and Government conventions. The content of this Report has been sourced from the PLA's 2001-06 Strategic Plan, Ministerial Portfolio Statements, business plan and performance reports.

With the needs of all clients and interested parties in mind, the Annual Report provides a comprehensive overview of who we are and what we do at strategic and operational levels as well as where we are aiming to be in the future. Our Report aims to build awareness of our operations and confidence in our organisation. It will interest members of federal, state and local governments, industry groups, clients, academia and community groups.

The communication objectives of this Report are to:

- create an awareness of the activities that drive the PLA's performance
- demonstrate how the PLA supports the achievement of the Queensland Government's priorities
- inform readers of the PLA's strategic initiatives
- explain how the PLA works and the mechanisms by which the Authority ensures continual improvement
- account for the way in which the PLA has managed its finances
- explain how the PLA complies with legislation and government policies
- explain how the PLA has performed in the delivery of its output
- inform readers of the ways that the PLA connects with and supports the industry.

Additional Copies

An electronic version of this Annual Report is available on the internet at www.pla.qld.gov.au. Printed copies can be requested from the PLA office by telephone on (07) 3858 9500, email plaadmin@iprimus.com.au, or by writing to the Registrar, Prostitution Licensing Authority, GPO Box 3196, Brisbane, Qld, 4001.

Have your Say

We hope you find our Annual Report 2005-06 useful and informative. Our Annual Report is part of our commitment to keeping people informed about prostitution and the implementation of the *Prostitution Act 1999* (the Act). The PLA welcomes your comments or suggestions about our Annual Report design and content. Please send your feedback to the Registrar, Prostitution Licensing Authority, GPO Box 3196, Brisbane, Qld, 4001 or by emailing plaadmin@iprimus.com.au



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Letter of Transmission

October 2006



The Hon Judy Spence MP
Minister for Police and Corrective Services
PO Box 195
BRISBANE ALBERT STREET QLD 4002

Dear Minister

The Prostitution Licensing Authority is pleased to present our Annual Report for the financial year 2005-06. The report fulfils the requirements of section 109 of the *Prostitution Act 1999* and section 46j of the *Financial Administration and Audit Act 1977*.

Yours sincerely

Mr Manus Boyce QC
Chair

Dr Diane Rowling
Member

Assistant Commissioner J McDonnell
Member

Ms Annette Murphy
Member

Mr Lance Pollard
Member

Cr Ann Bennison
Member

Mr John Callanan
Member

Ms Lynette Palmen AM
Member

Highlights of the Year

August	September	November	December	February	March
First meeting of the Interdepartmental Working Group on Prostitution	PLA provides submission to the Crime and Misconduct Commission (CMC) public hearings on the possible legalisation of escort or outcall prostitution services	Government tables its response to the CMC's evaluation of the <i>Prostitution Act 1999</i>	CMC releases Interim Position Paper – <i>Should legal outcall prostitution services in Queensland be extended to licensed brothels and/or escort agencies</i>	PLA participates in Sexpo	PLA releases <i>Guidelines for the Operation of Licensed Brothels in Queensland</i> Government introduces the Prostitution Amendment Bill 2006 SQWISI releases online manager and licensee training workshop

Abbreviations

CMC	Crime and Misconduct Commission
DIR	Department of Industrial Relations
EEO	Equal Employment Opportunity
FAM	Finance and Administration Manual
ICT	Information and communication technology
ISSC	Information Security Steering Committee
IT	Information Technology
LGAQ	Local Government Association of Queensland
PETF	Prostitution Enforcement Task Force (Queensland Police Service)
PIM	Probity Investigation Manual
PLA	Prostitution Licensing Authority
QPS	Queensland Police Service
SLA	Service Level Agreement
SQWISI	Self-Health for Queensland Workers in the Sex Industry



Message from the Chair

In the year under review 21 brothel licences were granted by the PLA after comprehensive inquiry and investigation by the staff of the PLA and the Prostitution Enforcement Task Force (PETF).

The PLA dealt with a range of issues this year. They included responding to the recommendations stemming from the review of the *Prostitution Act 1999* and contributing to the CMC's inquiry into the possible legalisation of escort prostitution services.

In response to the CMC's recommendations the Government introduced into Parliament the Prostitution Amendment Bill 2006. The year ahead will see the PLA implementing legislative amendments and non-legislative changes stemming from the Bill.

The PLA awaits with interest the final report of the CMC as to the possible legalisation of outcall prostitution services from licensed brothels. The final decision will be a policy matter for consideration by the Government.

In continuing its ongoing support for the industry the PLA released the resource *Guidelines for the Operation of Licensed Brothels in Queensland*, which provides a useful guide for licensees pursuing best practice.

Throughout the year I have met with many industry and Government representatives to discuss issues relevant to the development of the licensed sex industry. This will continue as issues arise.

I place on record the Authority's appreciation of the support given to it by the Minister, the Honourable Judy Spence MP. We also recognise the valuable assistance of the various departmental officers in the

Queensland Police Service (QPS), Queensland Health and the Department of Industrial Relations (DIR).

I extend my thanks to my colleagues on the PLA Board. They have a great wealth of experience and have greatly assisted my work as Chair.

I acknowledge the dedication and professionalism of our staff, so ably led by the Registrar, Ms Margaret Isaac.

Manus Boyce QC
Chair



Registrar's Report

Our fifth year of operation has passed swiftly and another busy year is immediately upon us. Significantly, the PLA has successfully chaired the first meetings of the Interdepartmental Working Group on Prostitution related matters and released the new *Guidelines for the Operation of Licensed Brothels in Queensland*.

The year closes with 21 licensed brothels now operating in Queensland. The licensed industry continues to be characterised by quality, well appointed premises in which practices, which enhance sexual health, the safety of sex workers and the avoidance of exploitation, are insisted on. The PLA has a robust compliance program in place which includes the comprehensive annual audit of all licensed brothels as well as unannounced inspections. We were kept busy with approximately 5000 inquiries made of the PLA and the assessment of over 16,500 advertisements.

It is with anticipation that we await the final report of the CMC inquiry on the feasibility of legalising outcalls and on the practicability of possible models for the regulation of escort services in Queensland.

My grateful thanks to those agencies, PETF, Queensland Health and the DIR, who have continued to provide invaluable advice and support to myself, staff and the Authority. My thanks also to Self-Health for Queensland Workers in the Sex Industry (SQWISI), who have ensured our continued education of the Queensland sex industry. The Authority continues to be well placed to execute its statutory role in a way which should meet the expectations of the legislators and of the wider community.

I cannot finish the year without again mentioning my work colleagues. Thankyou for your commitment to task, your tireless contribution and all those extra miles!

A handwritten signature in black ink that reads "M W Isaac". The signature is written in a cursive, flowing style.

Margaret Isaac
Registrar



Our Mission

To ensure that licensed brothels are regulated in the community interest.

Our Values

- Respect
- Integrity
- Health and safety
- Impartiality

Our Operating Principles

The PLA acts in the public interest.

The PLA is committed to preventing corruption and organised crime in licensed brothels.

The PLA is committed to promoting and improving safety and health in the sex industry and in the wider community.

The PLA places emphasis on consultation to reach the objectives of the organisation.

The PLA provides a stimulating, satisfying and safe work environment free from discrimination on the basis of gender, race, religion, sexual preference or disability.

The PLA operates to ensure that all its activities are based on the best information and research available to it.



Welcome to the
Prostitution Licensing Authority





Welcome to the Prostitution Licensing Authority

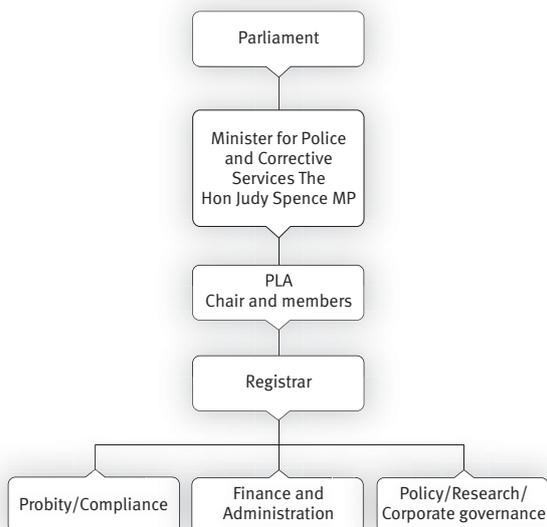
Our Purpose

To regulate prostitution in Queensland by implementing the Act.

Reporting Structure and Organisation

The PLA employs eight full-time officers under the *Public Service Act 1996* to support the work of the PLA. Staff of the PLA are managed by the Registrar, who in turn reports to the PLA. The PLA reports to the Minister for Police and the Parliament.

■ Figure 1: PLA organisational structure



We administer one non-departmental output:

1. Brothel licensing and monitoring prostitution through licensed brothels.

The PLA

The Act establishes the PLA and prescribes its membership, which must include:

- the Chair – an independent, respected member of the community nominated by the Premier
- the Commissioner of Police, or a police officer of at least the rank of superintendent nominated by the Commissioner
- the Chairperson, or the Assistant Commissioner, Crime, of the CMC
- a doctor who has at least five years' experience in community health
- a lawyer who has been admitted for at least five years and has knowledge of or experience in administrative law, company law or criminal law
- a senior representative of the Local Government Association of Queensland (LGAQ)
- two persons who, in the Minister's opinion, are qualified to represent community interests.

Role of the PLA

The PLA decides applications for brothel licences and managers' certificates. In addition, the PLA is responsible for:

- monitoring the provision of prostitution through licensed brothels
 - conducting probity investigations into licence and certificate applicants
 - conducting disciplinary inquiries in relation to licensees and approved managers
 - disciplining licensees and managers
 - receiving complaints about prostitution
 - liaising with and assisting the police service
 - liaising with local authorities
 - collecting fees under the Act
 - informing relevant government departments and agencies about possible offences that are detected while carrying out its functions
- advising the Minister about ways of promoting and coordinating programs that –
 - (i) promote sexual health care; or
 - (ii) help prostitutes to leave prostitution; or
 - (iii) divert minors and other vulnerable persons from prostitution; or
 - (iv) raise awareness in prostitutes, judicial officers, police, community workers and the community about issues relating to prostitution;
 - advising the Minister about the development of codes of practice for licensed brothels
 - approving advertising for prostitution
 - maintaining a licence and certificate register
 - providing support to the independent assessor.



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Current Membership

The current members¹ of the PLA have been appointed by Governor-in-Council for three years until May 2008.

01 Mr Manus Boyce, Chair

Mr Boyce graduated from the University of Queensland with Bachelor of Laws and Bachelor of Arts degrees. Then followed seven years as a solicitor and 20 years at the Bar, including four years as Queen's Counsel. He served on the Committee of the Bar Association and the Barristers' Board for five years, and was the Bar Association representative on the Legal Aid Commission for a period of two years. From 1982 to 1988 he also lectured part-time in Professional Conduct at the Queensland Institute of Technology Law Faculty. In 1988 he was appointed a District Court Judge. He was a member of the Standing Committee of Convocation at the University of Queensland for 36 years and was Warden of Convocation from 1995 to 1998. In 1999 he was awarded a Medal for Distinguished Service to the University of Queensland. Mr Boyce was appointed for three years until May 2008.

02 Dr Diane Rowling

Dr Rowling is a Public Health Physician with a special interest in sexual and reproductive health. She is currently the Senior Medical Officer with the Brisbane Sexual Health and AIDS Service and is a former Medical Director of Family Planning Queensland. She has held community health positions in the Northern Territory and regional Queensland with a focus on indigenous health issues. Dr Rowling is appointed as a medical practitioner who has at least five years' experience in

community health as per legislation. Dr Rowling was appointed for three years until May 2008.

03 Assistant Commissioner John McDonnell

Mr McDonnell is an Assistant Commissioner attached to the Deputy Commissioner's Office, QPS. Mr McDonnell was the former inaugural head of the Ethical Standards Command, QPS and former Assistant Commissioner of the Northern Region, QPS. Among his many appointments within the QPS, Mr McDonnell has served with the United Nations Peacekeeping Force in Cyprus, the Fitzgerald Implementation Unit and was the Director of Operations, Criminal Justice Commission. He was awarded the Australian Police Medal in January 1994. Mr McDonnell is an officer of at least the rank of superintendent, and has been nominated by the Police Commissioner as his representative. Mr McDonnell was reappointed for three years until May 2008.

04 Cr Ann Bennison

Cr Bennison has a Bachelor of Arts degree and is a Fellow of the Australian Institute of Company Directors. Cr Bennison is the Brisbane City Council member for Enoggera Ward, a position she has held since 1994. Cr Bennison is the Deputy Chair of Council and serves on the Urban Planning and Economic Development, Environment and Sustainability, and Public Transport Committees. Cr Bennison is the Senior Vice President of the LGAQ and a Director of the Australian Local Government Association. Cr Bennison has previously worked in finance and industrial relations. As per legislation, Cr Bennison was appointed to the PLA as a senior representative of the LGAQ. Cr Bennison was reappointed for three years until May 2008.

¹ Four members of the PLA are women, representing 50% of the membership.



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05 Mr John Callanan

Mr Callanan is the Assistant Commissioner, Crime, of the CMC. He is involved in a wide range of responsibilities and functions at the senior executive level of the CMC and the management and coordination of investigations into criminal paedophilia, major crime and organised crime. Prior to his appointment as Assistant Crime Commissioner of the Queensland Crime Commission, and later Assistant Commissioner, Mr Callanan had over 20 years' experience in the criminal justice system as a Crown prosecutor, as a barrister in private practice on the Prosecutions Task Force and for the Office of Special Prosecutor. He was also counsel for the Fitzgerald Inquiry. Mr Callanan was reappointed for three years until May 2008.

06 Ms Annette Murphy

Ms Murphy is a past recipient of the Queensland Child Protection Award – Professional Category – in recognition of her contribution to child protection in Queensland – 1998. Ms Murphy was also awarded a Winston Churchill Memorial Trust Fellowship in 2002 to examine the role of registered nurses in child protection in the USA, UK, Sweden and Denmark. She is the former coordinator of the Child Protection Unit at the Mater Children's Hospital and is currently the Acting Manager, SCAN Team Support and Development Unit, Department of Child Safety. Ms Murphy was reappointed for three years until May 2008.

07 Mr Lance Pollard

Mr Pollard is a solicitor in private practice and is currently a partner with Bennett & Philp. He has had extensive experience in the areas of commercial litigation, corporate and personal insolvency, debt recovery, administrative law, trade practices law and company law. He is appointed to the PLA as a lawyer who has been admitted for at least five years, and who has knowledge and experience in administrative law, company law or criminal law as per legislation. Mr Pollard was reappointed for three years until May 2008.

08 Ms Lynette Palmén AM

Ms Palmén AM is the founder and Managing Director of Women's Network Australia. The organisation has a membership in excess of 1200 with over 35,000 women benefiting from its existence annually. Ms Palmén AM is a board member of the Ministerial Taskforce on Work and Family, the Deputy Chair of the Premier's Council for Women, Chair of The Lord Mayor's Business and Domestic Violence "Crossing the Boundaries" Strategy and board member on the Advisory Committee for the Centre for Movement Education and Research, Griffith University. Ms Palmén AM was recognised by the appointment of Member of the Order of Australia (AM) in the Queen's Birthday Honours List for her service to the community, particularly through promoting public awareness of the existing and emerging issues affecting women and in providing expertise to a range of charitable and not-for-profit organisations. Ms Palmén was reappointed for three years until May 2008.



Meetings and Special Meetings

The PLA held 11 ordinary meetings over the financial year 2005-06.

■ **Table 1:** Attendance at meetings of the PLA

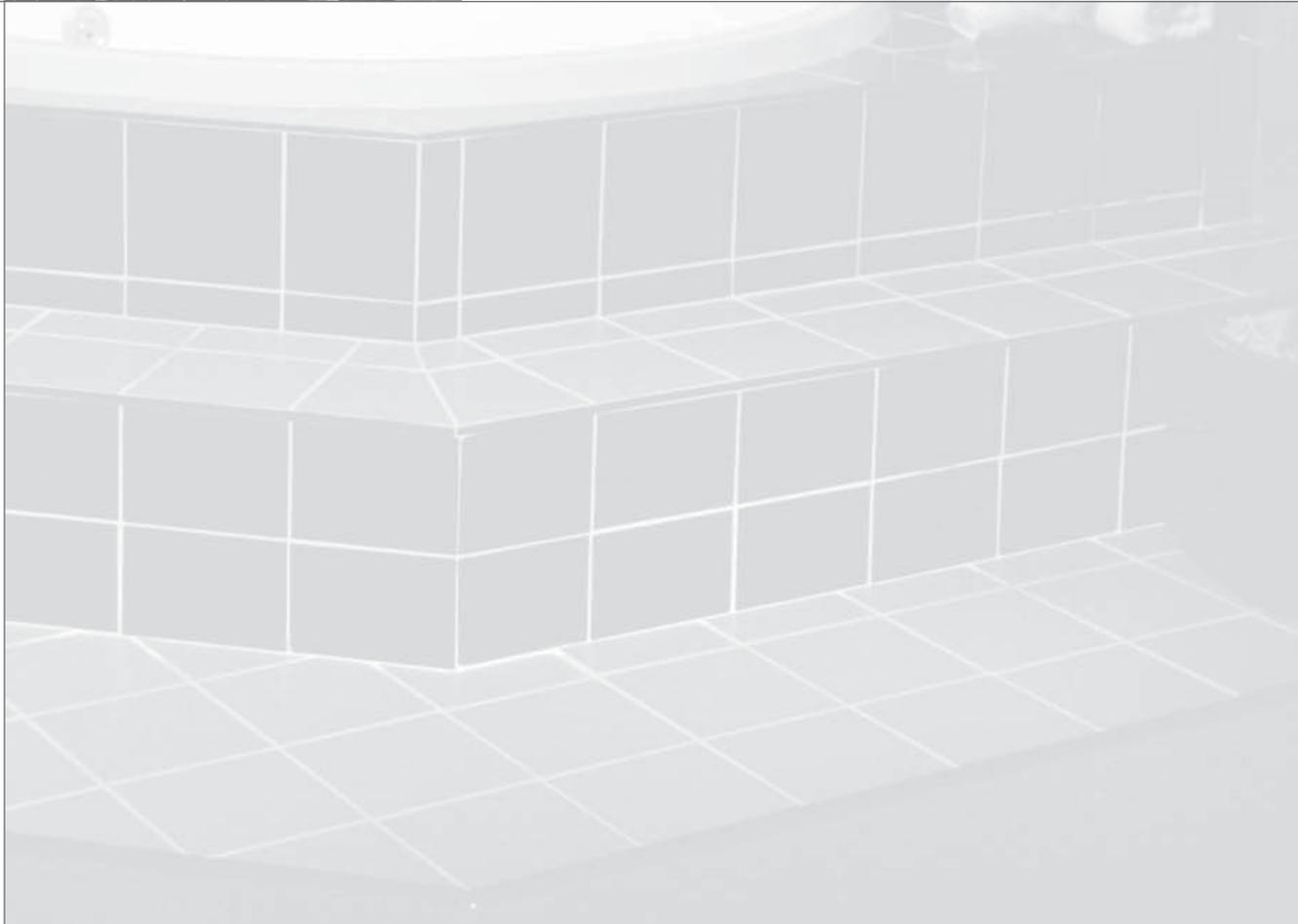
Name	Number attended (n = 11)
M. Boyce (Chair)	11
J. McDonnell	11
J. Callanan	10
A. Bennison	6
L. Palmen	8
A. Murphy	10
L. Pollard	8
D. Rowling	11

Remuneration

The chair and members of the PLA were collectively paid \$44,592 during the financial year 2005-06, as determined by the Governor-in-Council.



Our Performance





Our Performance

Below is a description of outcomes achieved from last year's projected activities.

What we said we would do	What we did
1. Brothel licensing	
Implement and evaluate the PLA electronic licensing database.	We implemented a trial of the electronic licensing database and continue to refine its capability through increased data input.
2. Brothel monitoring	
Finalise the <i>Guidelines for the Operation of Licensed Brothels in Queensland</i> .	The <i>Guidelines for the Operation of Licensed Brothels in Queensland</i> was completed and the resource was released in March 2006.
Finalise the PLA Compliance Manual.	The PLA Compliance Manual was completed, approved by the PLA and implemented.
3. Liaison and assistance	
Develop a sex worker information pamphlet to enhance contact with relevant government and non-government agencies.	The development of the sex worker pamphlet will be finalised during 2006-07.
Continue to clarify the situation of sex workers regarding industrial relations law and practice through liaison with the DIR.	We continue to liaise with the DIR to clarify the situation of sex workers as issues arise.
Implement the revised PLA Communication Strategy.	We implemented the PLA Communication Strategy incorporating feedback from staff and clients.

What we said we would do	What we did
4. Corporate support	
Review the PLA Business Plan in light of any new responsibilities of the PLA arising from the CMC Evaluation and Inquiry.	The Business Plan was reviewed and updated reflecting the work of the PLA.
Implement the recommendations arising from the CMC's Evaluation of the Act that have been endorsed by Government.	We implemented relevant non-legislative recommendations arising from the CMC Evaluation of the Act.
Implement the recommendations arising from the CMC Inquiry into the Legalisation of Escort Prostitution Services in Queensland that have been endorsed by Government.	The CMC are yet to release a report and recommendations regarding the Inquiry into the Legalisation of Escort Prostitution Services in Queensland.
Implement the relevant International Financial Reporting Standards.	The relevant International Financial Reporting Standards were implemented.



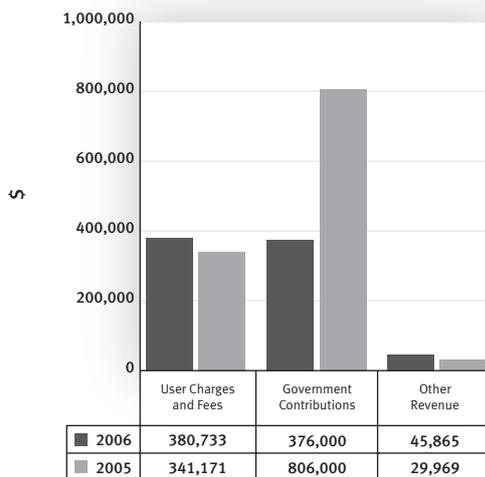
Financial Performance Summary

Income Statement

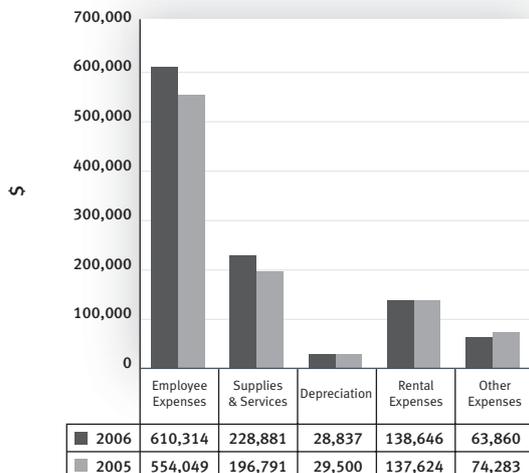
The Income Statement is used to compare revenue to expenses over the financial year.

Revenues of the Authority are sourced primarily from a Government grant through an administered appropriation received by the QPS. The other major source of funds includes fees for brothel licences and managers' certificates.

■ Figure 2: Revenue



■ Figure 3: Expenses

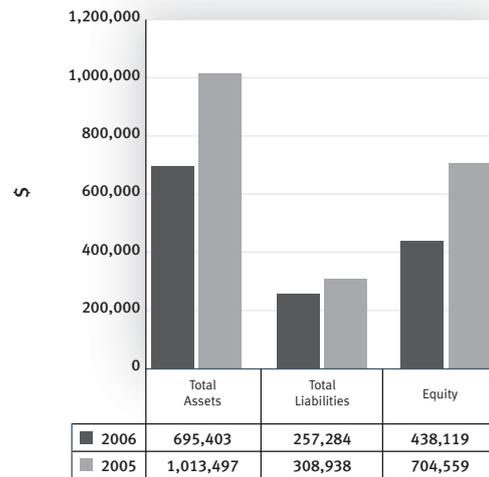


Balance Sheet

The Balance Sheet measures the value of assets, liabilities and equity of the Authority as at 30 June 2006.

Our total assets have decreased mainly due to a decrease in Government contributions resulting in a decrease in cash assets. There has been some growth in the number of brothel licences and managers' certificates granted and renewed.

■ Figure 4: Assets, Liabilities and Equity



Cash Flow Statement

The Cash Flow Statement measures the inflows and outflows of cash through the year, and classifies those transactions into either operating or investing activities.

Cash flow in the Authority is generated primarily from operating activities, where the significant in-flows include revenue from a Government grant and fees for brothel licences and managers' certificates. Significant outflows are employee expenses, supplies and services for operational requirements and payments for lease commitments. The year ended in a decrease in cash from \$833,369 at 30 June 2005 to \$531,945 at 30 June 2006.

Key Performance Measures

Leading up to the 2005-06 financial year, the PLA established some key performance measures to benchmark its corporate performance. We reported these measures to the public and to the parliament through the state budget process. The following table shows our key performance indicators, the expectations we had about our performance at the beginning of the financial year, and the performance we actually achieved over the year.

■ **Table 2:** Key performance measures, 2005-06 as at 1 May 2006

Measures		What we said we would achieve	What we achieved
1.	Number of licensed brothel premises operating	18	21
2.	Number of brothel and certificate applications investigated	105	137
3.	Number of brothel and certificate applications decided	105	96
4.	Percentage of complaints resolved	>91%	98%
5.	Number of compliance activities conducted	200	198
6.	Number of licensed brothels implementing safety and security arrangements	18	21
7.	Number of brothels requiring six-weekly health certificates	18	21
8.	Number of complaints by police about the quality of information provided by the PLA for probity investigations	0	0
9.	Satisfaction of SQWISI with liaison between the PLA and the sex industry	80%	100%
10.	Applications processed within the PLA and forwarded to the QPS within 30 days	95%	93%
11.	Advertising requests processed within 30 days	95%	95%
12.	Complaints to the PLA about prostitution resolved within 30 days	90%	95%

² All Queensland's legal brothels have implemented safety and security arrangements.

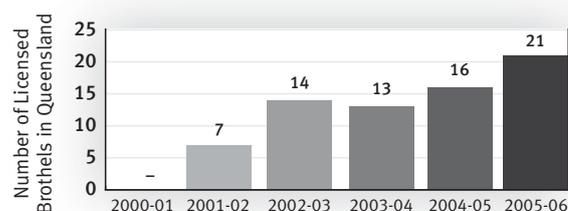
³ All Queensland's legal brothels require six-weekly sexual health certificates from sex workers.



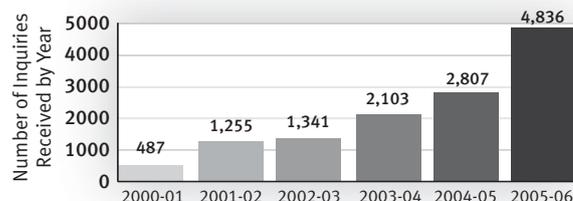
Statistical Highlights

- 21 licensed brothels operating in Queensland
- 113 brothel licences and 320 manager's certificates granted to date in relation to brothels in Queensland
- 1 development approval by local authorities for a change of use of premises to become a brothel during 2005-06
- 498 individuals applied for a brothel licence or manager's certificate to date
- 49 police entries made to 13 licensed brothels during 2005-06 (Refer Table 9 on page 38)
- 16,756 requests for advertisements were lodged with the PLA for approval. Most applicants complied with prostitution advertising requirements during 2005-06 with 12,327 (74%) being approved. The majority of print advertising approval requests (96%) were considered within one day and 94% of website advertising approval requests were considered within three days
- 4,836 inquiries responded to during 2005-06, compared with 2,807 during 2004-05. As the profile of the PLA and its exposure to the licensed sex industry increases it is expected that the number of inquiries will increase
- 100 complaints responded to during 2005-06, compared with 67 complaints during 2004-05

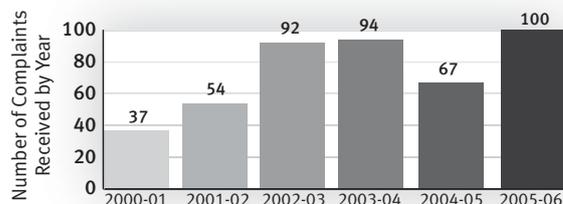
■ Figure 5: Number of licensed brothels operating by year in Queensland



■ Figure 6: Number of inquiries received by year



■ Figure 7: Number of complaints received by year





The Environment in which we Operate





The Environment in which we Operate

The Queensland Government has continued its commitment to prostitution law reform, which has been ongoing since the Fitzgerald Inquiry in 1989. The PLA considers that the first five years have been successful in establishing licensed brothels in Queensland.

Five principles guided the initial development of the framework for the regulation of prostitution in Queensland:

- Ensuring the quality of life for local communities
- Safeguarding against corruption and organised crime
- Addressing social factors which contribute to involvement in the sex industry
- Ensuring a healthy society
- Promoting safety.

The PLA has worked to support these principles and continue the orderly development of the licensed industry in Queensland.

The PLA regards workplace health and safety for workers in the licensed sex industry as a high priority.

By and large the Queensland community accepts a strictly regulated industry. The community generally accepts the restrictions placed on the licensed sex industry.

The CMC has reported that there is no evidence of involvement by organised crime in licensed brothels in Queensland.

The number of licensed brothels operating in Queensland has increased from 16 in 2004-05 to 21 in 2005-06.

The PLA has maintained its support for the industry. In March 2006, after consultation with Government agencies, industry representatives and licensees released the *Guidelines for the Operation of Licensed Brothels in Queensland*. The resource provides a point of reference for brothel operations and a useful guide for licensees pursuing best practice.

In September 2005 the CMC examined through a public hearing process the question of whether legal outcall prostitution services in Queensland should be extended to licensed brothels or escort agencies. The PLA participated in the CMC's inquiry, provided extensive submissions and attended the public hearings.

The PLA supported the extension of regulation to escort services by development of the existing licensing scheme through licensed brothels.

The CMC indicated concerns regarding risks of sex trafficking and child prostitution. The PLA submitted that the controls in place for licensed brothels were adequate to allay these fears and that it is in the illegal industry that child prostitutes and trafficked women are likely to be found.

In its review of the Prostitution Act, the CMC observed that all informants to the review, including all government representatives, the PLA, all sex workers and all licensees who were interviewed for the review, were in agreement that the inability of legal brothels to provide an escort or outcall service was the most crucial impediment to the success of the Act.

Licensees have made clear the considerable difficulties they have in being unable to provide escorts and in competing with the illegal industry.

During Sexpo the PLA conducted a survey and, amongst other things, asked whether people believed licensed brothels should be allowed to provide escort services. While some caution should be exercised with the results, the overwhelming majority of respondents reported that they believed licensed brothels should be allowed to provide escort services.

The CMC is yet to finalise its recommendations and a final report is shortly to be released. However, the final decision as to whether there will be an introduction of escort services from licensed brothels is a policy matter for consideration by the Government.

In December 2004 the CMC released its report *Regulating Prostitution: An Evaluation of the Prostitution Act 1999*. The PLA submitted a number of recommendations to the CMC and many of these were subsequently included in the CMC recommendations to Government. These included:

- Increasing the number of sex workers allowed on premises from five to eight
- Expanding the jurisdiction of the Independent Assessor
- Increasing the PLA's power to request information from persons other than an applicant
- Creating an Interdepartmental Working Group on Prostitution
- Increasing the currency of licences and certificates from one year to three years.

In November 2005 the Government tabled its response in Parliament to the CMC's Report. On 28 March 2006 the Government introduced the Prostitution Amendment Bill 2006. The Bill reflects the Government's continued commitment to prostitution law reform. Of the 29 recommendations contained in the CMC's Report, the Bill implements 17 through legislative means. Other relevant recommendations have been implemented through policy and administrative change.

The critical challenges for the PLA during the 2006-07 financial year will be the implementation of the legislative amendments and non-legislative changes resulting from the introduction of the Prostitution Amendment Bill and responding to the CMC's final report on escort prostitution services.





Our Corporate Governance Framework





Our Corporate Governance Framework

Appointment of PLA Members

PLA members are appointed by the Governor-in-Council, pursuant to the Act, for a period of not more than five years. A person is disqualified from continuing as a member of the PLA if the person:

- Is an insolvent under administration
- Is convicted of an indictable offence, an offence against the Act or a corresponding law
- Becomes incapable of discharging the duties of a member because of physical or mental incapacity
- Has an interest in a brothel.

The Strategic Planning Cycle

This year we have developed our Strategic Plan for 2007-12 in compliance with the *Financial Management Standard 1997* and presented the Plan to the Minister for Police for her consideration. The following documents are utilised by the PLA to support the Strategic Plan:

- A business plan to cover the financial year
- An Information and Communication Technology (ICT) Resources Strategic Plan for the period 2007-12
- A Procurement Plan for the period 2007-12, which includes a Capital Acquisition Program.

The strategic planning cycle in place at the PLA is intended to achieve the following five goals:

1. To ensure an efficient and effective brothel licensing system to regulate prostitution in Queensland
2. To ensure licensed brothels are operating to best practice standards

3. To inform the public about prostitution in Queensland
4. To maintain strategic liaisons with key agencies
5. To provide a safe, fair and productive workplace at the PLA.

Ethical and Professional Conduct

High standards of ethical conduct continue to be one of our major objectives. The Code of Conduct is our key means for directing staff in their ethical obligations. In view of the establishment of the compliance function and concern about the potential risks associated with compliance activities, the PLA conducted a review of the Code of Conduct in December 2002 and approved a revised version of the document. At the initiation of the PLA, the Code of Conduct was extensively reviewed by the CMC in 2003 and further amended after staff and the PLA were consulted. In line with requirements outlined in the Finance and Administration Manual (FAM), the Code of Conduct was reviewed following appropriate consultation.

An ongoing review of the FAM was completed during 2005-06. As the need arose during 2005-06, regular briefings on FAM procedures were provided to all PLA staff at their regular staff meetings.

To overcome any potential conflict of interest when considering licence and manager's certificate applications, we comply with guidelines established in our Probity Investigation Manual (PIM). The PIM identifies procedures to notify PLA members of the names of individuals associated with licence and certificate applications to ensure a transparent decision-making process.

Risk Management

Under the former Protective Security Manual, the PLA established an Information Security Steering Committee (ISSC). After reviewing the Protective Security Manual we integrated the document into the FAM by creating two separate chapters – Security, and Risk Management – and we reviewed the functions of the ISSC. Under the new Risk Management chapter of the FAM the newly named Risk Management Steering Committee is responsible and accountable for the use and application of the PLA's risk management procedures as outlined in the FAM, and reports to the Chair of the PLA through the Registrar.

During the year we assessed our risks in relation to all PLA operations. The assessment involved all relevant staff and focused generally on the following areas:

- Information/data
- Physical security
- Staff
- Financial systems/records
- Policies and procedures
- Administration
- Stakeholder consultation.

Freedom of Information and Privacy Legislation

Freedom of Information

Section 137 of the Act states that the *Freedom of Information Act 1992* does not apply to any document given to or produced by the PLA under the Act. However, while members of the public are not permitted access to documents, we have developed and published a statement of the affairs of the PLA in compliance with section 18 of the Freedom of Information Act. The statement of affairs is available from our website and explains:

- Our structure and function
- The effect of our activities on the community
- The extent of community participation in PLA policy formulation
- Documents held by the PLA
- Bodies established to provide advice to the PLA.

There were no applications made to the PLA under the Freedom of Information Act during the financial year 2005-06.

Privacy

On 10 September 2001 the Queensland Government approved Information Standard 42 (Information Privacy) which introduced a new administrative privacy regime into the public sector. The aim of introducing these new privacy arrangements is to protect all forms of personal information held in the Queensland public sector from being lost, misused or inappropriately modified or disclosed.



In compliance with Information Standard 42, we developed and introduced a Privacy Plan during 2002-03. The plan is published on the PLA website and outlines the types of personal information we collect, the disclosure of and access to information and how information is stored and disposed of. The Privacy Plan also establishes a procedure for individuals who wish to make a complaint about our management of their personal information.

External Audit

The PLA uses the Queensland Audit Office as its external auditor.

Internal Audit

As we are a small office with a limited budget, we have implemented a framework for a regular systems appraisal instead of a separate internal audit function. The systems appraisal, which is conducted once every three years at a minimum, aims to assess the appropriateness of systems and procedures and the proper functioning of internal controls. The systems appraisal is undertaken in conjunction with the broader risk management process.

This year we undertook our triennial systems appraisal with the objective of identifying specific risks to the PLA, evaluating the degree of risk for each system/process, identifying current controls and implementing appropriate control improvements to minimise the risk. The systems appraisal was completed in consultation with relevant PLA staff with the following systems reviewed:

- Application processing
- Monitoring and compliance
- Internal processes
- Reporting
- Complaints handling
- Finance.

The results of the systems appraisal were provided to the Registrar for consideration and approval. The PLA implemented appropriate control measures for relevant risks. The next systems appraisal is to be completed in 2008-09.

Public Interest Disclosures

The *Whistleblowers Protection Act 1994* defines a public interest disclosure as a disclosure of information about:

- Someone else's conduct
- Maladministration
- Negligent or improper management affecting public funds
- Danger to public health or safety, or danger to the environment
- Danger to a person with a disability.

There were no public interest disclosures made to the PLA during the financial year 2005-06.



Our Business



Our Business

Brothel Licensing

The number of operational brothels in Queensland increased this financial year from 16 to 21. There have been 113 brothel licences and 320 managers' certificates applications received by the PLA to date (refer table 3). To date there have been 113 brothel licences⁴ and 220 managers' certificates approved, with 10 individual applications currently under active investigation (refer to table 4). We also granted a further two brothel licences for brothels that are not yet in operation (see table 5).

■ **Table 3:** Applications received by the PLA to 30 June 2006

Applications received	Brothel licences		Managers' certificates	
	New	Renewal	New	Renewal
Received during 2000-01	11	-	11	-
Received during 2001-02	19	-	36	-
Received during 2002-03	14	11	33	12
Received during 2003-04	10	17	41	22
Received during 2004-05	9	18	47	33
Received during 2005-06	14	21	69	50
TOTAL	77	67	237	117

■ **Table 4:** Status of all applications received to 30 June 2006

Status	Brothel licences		Managers' certificates	
	New	Renewal	New	Renewal
Approved	53	60	204	116
Withdrawn prior to consideration	23	0	31	1
Under investigation	1	7	2	0
Refused	0	0	0	0
TOTAL	77	67	237	117

Note: Numbers represent individual people rather than brothel sites.

⁴ Brothels may be owned by more than one individual, each of whom must have a brothel licence and each of whom must reapply for the licence each year. The number of brothel licences therefore exceeds the number of licensed brothels.

Table 5: Licensed brothels

Address	Name of Brothel	Date Opened	Telephone Contact
Brisbane City Council			
476 Boundary Road, Archerfield	YiMi 476	24.08.05	3277 7318
180 Abbotsford Rd, Bowen Hills	AABS 180	30.02.06	3852 2057
175 Abbotsford Rd, Bowen Hills	Purely Blue	17.08.01	3854 0366
1094 Kingsford Smith Drive, Eagle Farm	Club Tigerlily	19.02.05	3868 4340
120 Robinson Road, Geebung	Truely Elegance	02.05.02	3856 6010
61 Spine Street, Sumner Park	The Oasis at Sumner Park	13.11.04	3715 5166
12 Nile Street, Woolloongabba	Cleo's on Nile	22.10.05	3393 1678
88 Logan Road, Woolloongabba	88 on Logan	13.06.03	3891 1198
945 Fairfield Road, Yeerongpilly	The Viper Room	17.05.02	3392 7070
Redcliffe Shire Council			
22 Brewer Street, Clontarf	Intimate Encounters	20.08.03	3283 6111
Gold Coast City Council			
12 Greg Chappell Drive, Andrews	Black Orchid	09.03.02	5522 1400
44 Upton Street, Bundall	Silks on Upton	12.03.02	5538 2088
37 Upton Street, Bundall	Utopia in Paradise	Not yet in operation	
1/20 Expansion Street, Molendinar	Paradise Penthouse	02.09.05	5564 5599
30 Jade Drive, Nerang	Pentagon Grand	12.04.02	5597 0777
Logan City Council			
26 Magnesium Drive, Crestmead	Resort Two Six	19.11.05	3803 1000
Maroochydore Shire Council			
14 Avian Street, Kunda Park	Scarlet Harem	13.12.02	5476 5044
13 Cessna Street, Marcoola	Intrigue of Marcoola	14.02.03	5450 7577
Mackay City Council			
39 Enterprise Street, Paget	Club 7 on Enterprise	08.07.02	4952 6767
Gladstone City Council			
48 Callemondah Drive, Gladstone	Whispers in Paradise	27.01.05	4798 1144
Townsville City Council			
13 Carmel Street, Garbutt	Bluebirds on Carmel	01.10.03	4779 9555
17 Hugh Ryan Drive, Garbutt	Australian Maid	01.07.02	4725 5888
Cairns City Council			
11 Cava Close, Bungalow	Northern Belle	Not yet in operation	



Development Approval

In Queensland the location of brothels is a matter for local government, subject to the provisions of the Act. Under the Act, the assessment manager for a development application must grant approval for development of a brothel in an industrial area if the premises are:

- greater than 200 metres distance (measured according to the shortest lawful route) from a residential area or an area intended to be residential
- greater than 200 metres distance (measured according to the shortest lawful route) and greater than 100 metres (measured in a straight line) from any residential building, place of worship, hospital, school, kindergarten, or any other place regularly frequented by children for recreational or cultural purposes
- to have no more than five working rooms
- able to comply with the Integrated Development Assessment System Code for development applications for a brothel (the Code includes requirements about car parking, lighting, signage and the like).

By the end of the 2005-06 financial year there were 47 applications made to local governments in Queensland for development approval for a brothel. The majority of applications have been for premises in the Brisbane and Gold Coast region (see table 6). Of all these applications, just over half were approved.

There are four premises in Queensland which have been granted development approval for a brothel by councils for which the PLA may be considering a brothel licence application or for which a brothel licence application has not yet been lodged (table 7 lists these locations).

■ Table 6: Development approval applications for brothel premises

Local authority	Approved	Refused	Withdrawn/ lapsed	Pending	TOTAL
Brisbane	10	3	2		15
Gold Coast	5	1*	3	-	9
Townsville	3	-	1	-	4
Cairns	3	1	2	-	6
Logan	2	-	1	-	3
Maroochy	2	-	-	-	2
Toowoomba	-	2	-	-	2
Redcliffe	1	-	-	-	1
Rockhampton	1	-	-	-	1
Mackay	1	-	-	-	1
Gladstone	1	-	-	-	1
Noosa	-	-	1	-	1
Douglas	-	-	1	-	1
TOTAL	29	7	11	-	47

* indicates that an appeal was lodged with the Independent Assessor and subsequently refused.



■ **Table 7:** Council approved brothel premises for which the PLA may be considering a brothel licence application or for which a brothel licence application has not yet been lodged.

Local authority	Address
Brisbane	1/9 Alton Street, Coopers Plains
*Rockhampton	17 Bush Crescent, Parkhurst
Townsville	28 Leyland Street, Garbutt
Cairns	7 Owen Close, Portsmith 5 Southgate Close, Woree

* A licence was granted to operate a licensed brothel at the premise. The licence was not issued and the applicant withdrew their application to operate a licensed brothel. The premise still has a change of use approval.

The Independent Assessor

The Independent Assessor was established and appointed in December 2001 to hear and decide appeals about local government decisions on development applications for brothels. During 2005-06 the Independent Assessor, Mr Stephen Keim, decided one appeal which was upheld.



Mr Stephen Keim

Stephen Keim is a barrister of 20 years' experience and has practised in Brisbane throughout that time. In addition to his professional work as a barrister, he serves in a number of positions including member of the Land Court and deputy chairperson of the Land Tribunal. Mr Keim continues as a member of the Council of the Queensland University of Technology (QUT).

In December 2004 Mr Keim became a Senior Counsel for the State of Queensland.

Exempt Towns

The Act allows the local government of towns with a population of 25,000 or less to make an application to the Minister for Police for the right to refuse any development application for a brothel in their local government area. There are 204 towns in Queensland that have received approval from the Minister for Police to refuse development approval for a brothel (see appendix 1 for a full list of all towns who may refuse an application for development approval for a brothel).

Monitoring and Compliance

The Compliance Program

The PLA is concerned to ensure that the operations of licensed brothels are conducted in accordance with the highest standards, commensurate with community expectations and in accordance to Government legislation.

The compliance unit's function is to ensure brothel licensees and managers meet their obligations in managing Queensland's licensed brothels. The compliance officers provide guidance to licensees during and beyond the initial application process to ensure that the requirements of the Act, *Prostitution Regulation 2000*, brothel licence conditions and the *Guidelines for the Operation of Licensed Brothels in Queensland* are being met.

This is achieved largely through the PLA's audit and inspection program. These audits include the examination of financial records, review of policies and procedures, assessment of facilities and security arrangements within the brothel, the examination of brothel records and the conducting of interviews with staff and sex workers.

Operational audits for each licensed brothel in Queensland have been completed and detailed reports of these audits have been provided to the PLA. In the 2005-06 year PLA compliance officers undertook 198 compliance activities which included audits, inspections, meeting with prospective licensees and meetings with and referrals to other government agencies. There were a total of 27 audits and inspections conducted and as a result, 126 recommendations for improvements were made.

The compliance unit is also responsible for the management of complaints, the maintenance of the complaints data base and the referral of complaints to other relevant agencies. Complaints in relation to brothel operations are at times monitored and evaluated through the implementation of unannounced and targeted inspections of licensed brothels.

Additional compliance program activities include, amongst other things:

- Researching prostitution related issues
- Monitoring industry best practice
- Analysing emergent and technical issues affecting the industry
- Liaising with relevant government, non-government and industry organisations
- Reviewing brothel policies and operational procedures
- Developing industry specific resources
- Undertaking advertising surveillance.

The compliance program continues to liaise on a range of issues with key stakeholders including the DIR, Queensland Health and PETF.



■ **Table 8:** Operations of Licensed Brothels Controlled through the Compliance Function of the PLA

	Elements	Outcomes
Harm minimisation and infectious disease control	Measures are in place to control the spread of infectious disease and harm minimisation principles are applied where appropriate	
	Infection control procedures are undertaken in the maintenance and operations of the brothel	Infection controls are maintained to appropriate standards
	Promotion of safer sex practices	Clients and sex workers engage in safe sex practices
	Monitoring of sexual health checks for sex workers	Sex workers have undergone current sexual health assessment
	Monitoring of waste disposal protocols	Appropriate standards of practice are maintained for the disposal of clinical waste and sharps to achieve best practice
	Identification of emergent issues in relation to infectious disease control	Best practice and currency of knowledge is promoted and maintained
	Assessment of clients in relation to sexually transmissible infections or behaviour	Sex workers have control in relation to seeing clients
	Provision of prophylactics	Management of brothels support promotion of public health safe sex practices
Policies and procedures	Operational policies and procedures are developed, implemented and maintained to manage brothel operations	
	Business operations	Business records are maintained to required standards
	Employment of staff and engagement of sex workers	Appropriate industrial instruments and/or practices are adopted
	Workplace Health and Safety	Management understand their obligations under the <i>Workplace Health and Safety Act 1995</i>
	Sexual health management	Information and procedures are provided to promote sexual health of sex workers and clients
	Cleaning and sanitising procedures	Suitable and appropriate measures are undertaken for brothel facilities



	Elements	Outcomes
Safety and Security	Risks are identified, assessed and controlled for the brothel	
	Physical and procedural controls are identified, assessed, implemented and monitored for the brothel	Safety and security is maintained or enhanced for the brothel environs
	Physical and procedural controls are identified, assessed, implemented and monitored within working rooms	Measures are implemented to provide safety to workers from clients
Structure and amenities	Layout and facilities of the brothel are suitable for brothel operations	
	Liaison with applicants	Planning of brothel is undertaken to meet requirements for amenities and structure



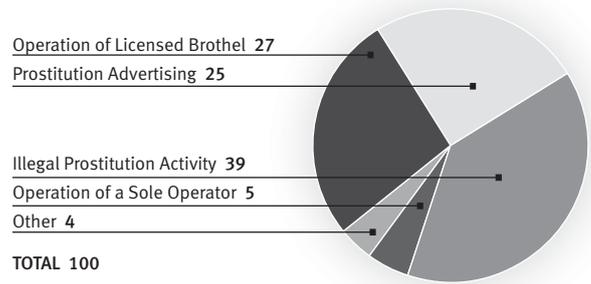
Future Developments for the Compliance Program

- Develop a sex worker information pamphlet to enhance contact with relevant government and non-government agencies.
- Continue to clarify the situation of sex workers regarding industrial relations law and practice through liaison with the DIR.
- Contribute to relevant issues considered by the Interdepartmental Working Group on Prostitution.

Complaints

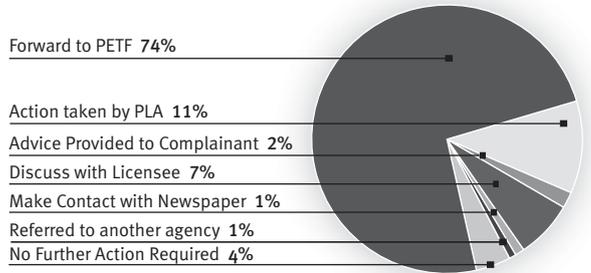
During 2005-06 the PLA received 100 complaints relating to prostitution. The majority of complaints were about licensed brothel operations and illegal prostitution activity (see figure 8).

■ Figure 8: Number and Type of Complaints



Most complaints were resolved by either the PLA itself or referral to PETF for investigation.

■ Figure 9: Resolution of Complaints



To assist in the management of complaints, a database is used to record and monitor all complaints received by the PLA.



Complaint Case Studies

Here are some examples of the complaints we received during the year.

Brothel operation	
The complaint	We received information that there were concerns of deficient safety and security strategies being undertaken at a brothel.
What we did	Liaison and guidance given to brothel licensee and approved manager.
The outcome	Additional polices and procedures were adopted at the brothel and safety and security was enhanced.
Illegal prostitution	
The complaint	We received information from a brothel licensee that illegal prostitution was being provided in nearby motels.
What we did	The matter was referred to PETF for investigation.
The outcome	The information provided to PETF was incorporated into existing regional investigations and a number of people were charged with various prostitution-related offences.
Advertising	
The complaint	A complaint was made that a brothel was conducting advertising that was not in the approved form.
What we did	The information was referred to PETF for investigation.
The outcome	The licensee was charged with an offence under the Act.
Other	
The complaint	A complaint was received from a sex worker in relation to inquiries concerning appropriate industrial instruments and practices.
What we did	The matter was referred to the DIR and other agencies.
The outcome	Relevant advice was given to the sex worker.



Police Entries to Licensed Brothels

During the year we received advice from police and licensees, as required under section 61 of the Act and the conditions of licence, about 49 police entries to 13 licensed brothels, detailed below.

■ **Table 9:** Police entries to licensed brothels

Brothel	Number of visits
Purely Blue	8
Cleo's on Nile	8
Pentagon Grand	3
The Viper Room	2
88 on Logan	9
Club 7	2
Whispers in Paradise	2
Bluebirds on Carmel	2
Australian Maid	1
Black Orchid	2
YiMi 476	3
Truely Elegance	4
The Oasis at Sumner Park	3
TOTAL	49

Liaison and Assistance

Licensed brothels and sex workers operate across the state and the PLA endeavours to offer a range of options to liaise with and provide assistance to the industry. The PLA's objective is to communicate effectively with the industry, stakeholders and the public.

Overall, the PLA's communication can be clustered into three broad groups:

- Members of the public
- The sex industry
- Other key stakeholders.

Communicating with Members of the Public

The PLA office is the primary point of contact for members of the public, licensees, managers, sex workers, the media and any other interested parties requesting information. All calls are responded to and PLA staff are committed to providing an effective level of customer service.

During 2005-06 we reviewed our fact sheet series and updated our client service charter to reflect the recommendations of the CMC review of the Prostitution Act. Our fact sheet series and client service charter are an integral part of the PLA's communication strategy. They assist interested parties in understanding the work of the PLA and the requirements for involvement in the industry.

Considering the sensitive nature of our core business, opportunities to communicate directly with members of the general public about the PLA and its activities are limited.

We have been acutely conscious that any active public education campaign may appear to be promoting prostitution – a public impression we are careful to avoid. To date we have responded to a small number of invitations from community groups to speak about prostitution and brothel licensing (see table 10).

During the year we continued to add to our library which contains publications, reports, media articles and other material on prostitution and brothel operations. The library is accessible to members of the public and applicants and has been particularly useful to students in their preparation of university assignments.

■ Table 10: External presentations by staff, 2005-06

Subject	Forum
Prostitution in Queensland	University of Queensland
The Oldest Profession	Business Women Inc. Forum

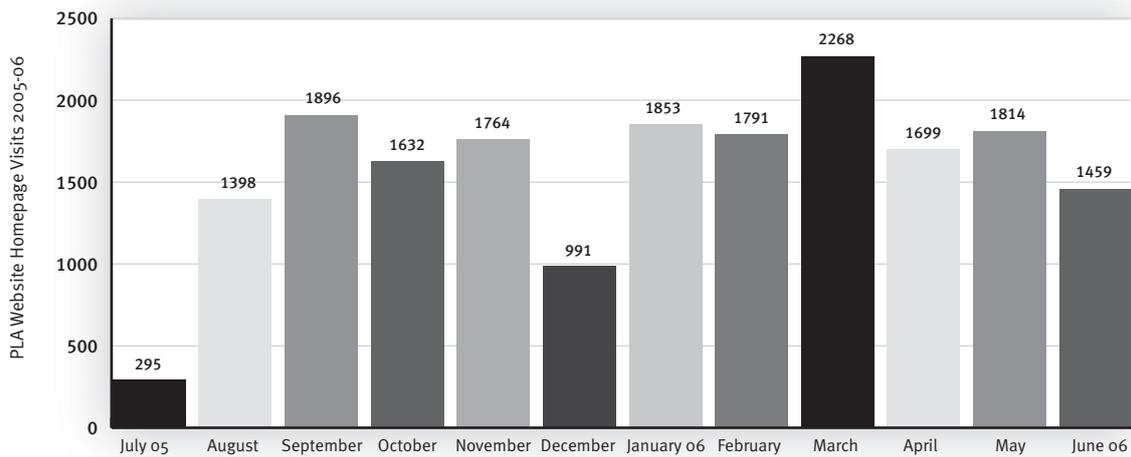
The PLA Website

The PLA website is an important vehicle by which the PLA makes information available to the industry and public on an ongoing basis. The website is regularly updated to ensure the currency and accuracy of information.

We place a range of information on our website that relates to the industry. To enhance our service, PLA application forms are available on the website, including our schedule of fees, as well as advertising policies for sole operators and licensed brothels.



■ Figure 10: PLA Website Homepage Visits 2005-06



Copies of PLA publications are also available as well as links to other sites that may be of interest to both the industry and the public.

Analysis of the PLA website reveals a consistent level of interest in the information made available. Figure 10 provides a monthly breakdown of visits to the PLA's homepage.

As the website provides one of our primary means of reaching our stakeholders on an ongoing basis, we ensure that many of our publications are available electronically. An analysis of the visits to specific resources highlights the level of interest in PLA publications.



- There were 25,342 visits to the research publication *Selling Sex in Queensland*



- There were 15,067 visits to the PLA's industry newsletter *In Touch*



- There were 2,512 visits to the *Handbook for Approved Managers of Licensed Brothels*

The level of interest confirms that our strategy to communicate using the internet is of great worth and we will continue to place information relevant to the industry on our website.

The PLA Stand at Sexpo

Each year the PLA staffs an information booth in the 'Sexual Health and Education' section of Sexpo to distribute information about brothel licensing and the legal framework for prostitution in Queensland. The PLA staff once again attended Sexpo, which was held from 16 to 19 February 2006. Sexpo is an annual health, sexuality and lifestyle exhibition staged in Melbourne, Sydney and Brisbane which is open to members of the public aged over 18 years. Sexpo provides a useful forum to distribute information to the general public about the PLA and its activities in an appropriately adult-only forum. The PLA joined other government and non-government agencies in the Sexual Health Education section in an effort to emphasise sexual health.

It was encouraging to see the level of interest our stand generated and provided a great opportunity to give advice and information to members of the public and workers in the industry.

To assist staff engage in public education activities, we use a multimedia presentation about the PLA and its activities. The multi media presentation was updated during 2005-06 and again, the presentation was successful at Sexpo as well as in other smaller forums.

Sexpo Survey

During Sexpo the PLA conducted a short survey of individuals who visited our stand. The aim of the survey was to identify the types of people who attend Sexpo, their level of awareness about prostitution laws in Queensland and their level of knowledge about the PLA.



The findings are interesting and not without some useful insight. However, they cannot be interpreted as representative of the broader community and must be treated with some caution. This is for the following reasons:

- The sample is very specific to individuals motivated to attend Sexpo
- The survey distribution was dependent on attendees who specifically visited the PLA's stand and agreed to complete the questionnaire
- Responses were subject to the self-reporting of respondents.

We received 546 surveys at Sexpo with 49% of respondents male and 51% female. Respondents ranged in age categories from 18-25 to 55+ with the majority, 43%, of respondents in the 18-24 year age category.

When asked about which types of prostitution are legal in Queensland, 47% of respondents identified brothels as legal and 18% correctly identified both brothels and sole operators as legal forms of prostitution.

When asked about how informed they believed they were, overall, 23% of respondents considered themselves well informed about prostitution laws in Queensland. When asked if they had ever heard of the PLA, 34% of respondents reported that they had. However, when questioned about their level of knowledge of the work PLA did, 23% were confident they knew what work the PLA does, which is less than those who had heard of the PLA. As the PLA is tasked with licensing brothels it is expected that a high

percentage of the community would not be aware of the activities of the PLA.

Of respondents who reported they had been a client of a sex worker, 24.8% were male and 2.6% female. Some caution is needed with these figures as the survey was undertaken at Sexpo, which has a potentially more liberal audience than the general population. Comparison with an Australian and New Zealand Journal of Public Health publication *Sex in Australia: Experiences of commercial sex in a representative sample of adults*, Vol. 27, No. 2, 2003, reported that 15.6% of males and 0.1% of females had reported ever paying for sex, which are comparatively lower than the Sexpo results.

When asked if they had ever been a sex worker, 7.8% of respondents indicated that they had.

This year we added a new question to the Sexpo survey asking respondents whether they believed licensed brothels should be allowed to provide outcall prostitution services. An overwhelming 90% of respondents believed that outcall prostitution services should be allowed from licensed brothels.

Communicating with the Sex Industry

During 2005-06 we published four editions of our quarterly industry newsletter *In Touch*. *In Touch* was developed because, while we had contact and liaison with brothel licensees and managers through the compliance unit and through the annual renewal of applications, our communication with sex workers and other brothel staff was limited.



In Touch is distributed to all licensed brothels for the general interest of workers in the industry. Multiple copies of the newsletter are also distributed to SQWISI's Queensland offices for other sex workers and to an expanding mail-out list.

In Touch has included articles on the role of other government agencies, pertinent health related issues and items considered of interest to sex workers. The PLA has also been keen to respond to other agencies, such as sexual health clinics, who have sought to place advertisements relevant to the industry in *In Touch*.

Relevant *In Touch* Industry Articles

*This year the PLA increased its efforts to provide information relevant to the audience of *In Touch*. PLA Board member, Dr Diane Rowling, contributed articles of interest and relevance to workers in the industry. These included articles covering topics such as 'Sexual Health – More than STI's' and 'Sexual Health – Protection against cancer of the cervix'.*

During the year we continued our contact with SQWISI and maintained a formal monthly meeting with the State Manager to discuss relevant industry matters.

The PLA continued to meet with licensees every 12 months. These meetings are an ideal opportunity for licensees to provide feedback to the PLA and to raise any issues pertinent to their business operations.

In addition to meetings with licensees, the Chair of the PLA met with members of the Queensland Adult Business Association to discuss relevant issues.

Communicating with Other Key Stakeholders

We met regularly with our key stakeholders and have assisted other agencies perform their functions with regard to prostitution issues. Table 11 shows the number of meetings we held with our key stakeholders.

■ **Table 11:** Key stakeholders attending meetings with the PLA 2005–06

Group	Number
Licensees and managers, applicants, potential applicants	46
QPS	47
CMC	2
SQWISI	13
Other government agencies	38
Sex workers	2
Media	3
Ministerial	2
QABA	6
Members of the public/students	13
TOTAL	172



Feedback

We recognise the importance of obtaining feedback to improve the services we provide and use a number of feedback mechanisms, including:

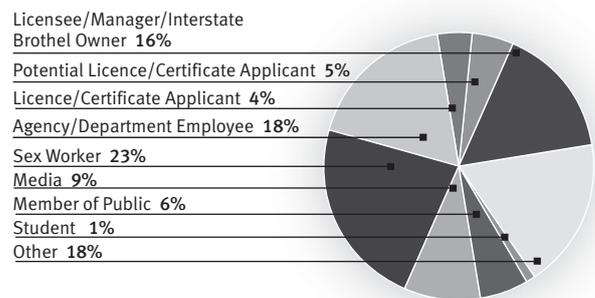
- Results of client and key stakeholder satisfaction surveys
- Information requests received through the office administration
- Information generated through audit and inspection processes
- Feedback received through *In Touch* and the PLA website
- Feedback based on questions from community presentations
- Annual report feedback
- Survey results from Sexpo.

This information is analysed on an ongoing basis to identify emerging issues and information requirements and incorporated into appropriate communication strategies or business processes.

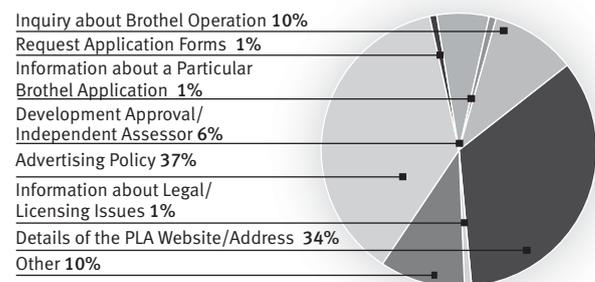
Inquiries

During the year we responded to 4,836 inquiries about prostitution and related issues. Figure 11 shows that inquiries generally come from brothel licensees and managers, members of the public and students, and the media. The most common categories of inquiry are legal or brothel licensing questions, questions about prostitution advertising, and questions about brothel operation.

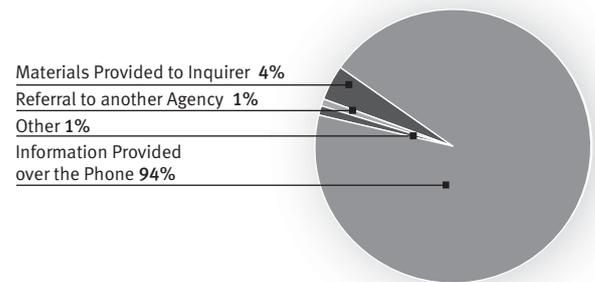
■ Figure 11: Source of Inquiries 2005-06



■ Figure 12: Nature of Inquiries 2005-06



■ Figure 13: Response to Inquiries 2005-06



Supporting our Business

Our People

The PLA recognises that our employees are our most important asset and values the contribution of all its' people. PLA staff are highly trained and skilled in the work they undertake with our staff specialising in areas such as finance, administration, policy, research, audit and compliance processes.

The PLA has a focus on client service and all staff embrace a professional approach to service delivery within a healthy and positive work environment.

This year our staff numbered eight full-time staff members, 62.5% of whom are women (see tables 12 and 13).

The PLA's success depends on building the capability of its' people. Recognising the benefit of relevant training, staff and management work together to identify appropriate development opportunities, which assist both individual career progress and strengthens the PLA's overall capability.

The PLA encourages all staff to undertake professional development and staff have participated in on-site and external training programs. Training included courses in computer training, financial management and leadership. We spent \$2,971 on staff training this year.

Due to the small number of staff, the PLA is in the unique position of being able to maximise open communication processes. Regular staff meetings provide an ideal forum to ensure staff are kept well informed and to resolve any issues that may be identified.

There was no overseas travel undertaken by either PLA staff or by members of the PLA.

■ Table 12: PLA staff

Staff category	Female	Male
AO7-SO1	2	2
AO4-AO6	1	1
AO2-AO3	2	0
TOTAL	5	3

■ Table 13: PLA staff membership of Equal Employment Opportunity (EEO) target groups

Target group	Number	Per cent
Women	5	62.5
People from a non-English-speaking background	0	0
Aboriginals/Torres Strait Islanders	0	0
People with a disability	0	0



Finance and Administration

The finance and administration section of the PLA comprises three staff members who deliver a range of services to support the operations of the PLA. Finance and administration also has a key role in the development and implementation of effective resource management.

During the 2005-06 financial year, finance and administration developed and reviewed several processes that influenced the PLA's outcomes. These include:

- Reviewing the FAM and other policies and procedures to ensure the conduct of the financial, administrative and human resource activities of the PLA comply with whole of government legislation, policies and directives
- Contributing to the review of advertising policies which included consultation with relevant publishers
- Improving the efficiency of brothel licence and manager's certificate application processing
- Reviewing business management processes and implementing integrated budgeting with operational planning
- Continuing to identify opportunities to improve the management of risk and the audit of service delivery through the completion of a systems appraisal
- Reviewing the Corporate Services Service Level Agreement (SLA) between the QPS and the PLA with Partner One and CorpTech. Services such as payroll, processing payments and SAP support are provided by the shared services providers

- Streamlining in-house electronic filing systems to ensure adequate recording and security of information and documentation
- Producing corporate information and documentation for distribution to the community, key stakeholders and the industry.

Under our human resource management policies, ongoing development and implementation of the health and safety management system ensures that the PLA can provide a safe environment for employees, visitors and contractors. To support PLA staff, access is available to employee assistance services provided by the QPS. The PLA's recruitment practices ensure that staff possess the skills and knowledge needed to continue to achieve its priorities resulting in 'a crime-free legal industry that provides one of the safest and healthiest environments for legal sex workers in the country' (CMC, December 2004).

We did not enter into any consultancy contracts during the year.

Information Management

Another area where we receive assistance from the QPS is for the provision of Information Technology (IT) services and support, which includes maintenance of the PLA website. The assistance provided by the QPS is formalised in a separate IT SLA. The 2005-06 annual review identified the need for the development and implementation of an upgraded back up system to improve the effectiveness of information management.

This year the PLA has continued to refine the capabilities of our internal licensing database for the purpose of recording and reporting on:

- Brothel applicants
- Manager applicants
- Compliance activities
- Development applications for licensed brothels
- Brothel premise information.

Information from the database will improve the PLA's ability to obtain statistical data and other information concerning the licensed brothel industry.

Outlook for 2006-07

The PLA will continue to contribute to the Government's outcome Safe and Secure Communities where all Queenslanders are safe and respected and where workplace health and safety for all workers in the licensed sex industry is a high priority. The PLA is committed to creating a more lawful society that will protect the personal safety, rights and property of all Queenslanders. We will continue to work closely with PETF to manage the application process and we are determined to ensure effective and customer-oriented licensing procedures. We will continue to improve our efficiency and effectiveness in the coming year. To achieve this we will:

- Implement the Government's amendments to the *Prostitution Act 1999* stemming from the CMC evaluation of the Act
- Review and assess recommendations, if any, arising from the CMC Inquiry into the possible legalisation of escort services in Queensland that are endorsed by the Government
- Develop a sex worker information pamphlet to enhance their contact with relevant Government and non-government agencies
- Initiate the PLA industry monitoring program
- Progress relevant prostitution-related issues through the inter-departmental working group.



Financial Statements





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PROSTITUTION LICENSING AUTHORITY
INCOME STATEMENT
for the year ended 30 June 2006

	Notes	2006 \$	2005 \$
Income			
Revenue			
User charges and fees	2	380,733	341,171
Grants and other contributions	3	376,000	806,000
Other revenue	4	45,865	29,969
Gains			
Gain on sale of property, plant and equipment	5	1,500	-
Total Income		804,098	1,177,140
Expenses			
Employee expenses	6	610,314	554,049
Supplies and services	7	228,881	196,791
Depreciation	8	28,837	29,500
Rental expenses		138,646	137,624
Other expenses	9	63,860	74,283
Total Expenses		1,070,538	992,247
Operating Surplus/(Deficit)		(266,440)	184,893

The accompanying notes form part of these statements.



PROSTITUTION LICENSING AUTHORITY
BALANCE SHEET
as at 30 June 2006

	Notes	2006 \$	2005 \$
Current Assets			
Cash assets	10	531,945	833,369
Receivables	11	12,161	12,142
Other	12	1,689	1,560
Total Current Assets		545,795	847,071
Non Current Assets			
Property, plant and equipment	13	149,608	166,426
Total Non Current Assets		149,608	166,426
Total Assets		695,403	1,013,497
Current Liabilities			
Payables	14	26,008	42,965
Accrued employee benefits	15	58,492	86,473
Other	16	145,132	155,904
Total Current Liabilities		229,632	285,342
Non Current Liabilities			
Accrued employee benefits	15	27,652	23,596
Total Non Current liabilities		27,652	23,596
Total Liabilities		257,284	308,938
Net Assets		438,119	704,559
Equity			
Retained surpluses		438,119	704,559
Total Equity		438,119	704,559

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2006

	Notes	2006 \$	2005 \$
Balance 1 July		704,559	519,666
Operating Surplus/(Deficit)		(266,440)	184,893
Balance 30 June		<u>438,119</u>	<u>704,559</u>

The accompanying notes form part of these statements.



PROSTITUTION LICENSING AUTHORITY
CASH FLOW STATEMENT
for the year ended 30 June 2006

	Notes	2006 \$	2005 \$
Cash flows from operating activities			
<i>Inflows:</i>			
User charges and fees		370,028	268,036
Grants and other contributions		376,000	806,000
GST input tax credits from ATO		42,486	47,975
GST collected from customers		5,200	5,045
Interest receipts		41,138	30,517
Other		1,444	-
<i>Outflows:</i>			
Employee expenses		(634,119)	(503,225)
Supplies and services		(224,784)	(167,504)
GST remitted to ATO		(5,200)	(7,691)
GST paid to suppliers		(44,225)	(37,333)
Other		(212,858)	(223,084)
Net cash provided by (used in) operating activities	17	<u>(284,890)</u>	<u>218,736</u>
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		50,864	50,455
<i>Outflows:</i>			
Payments for property, plant and equipment		(67,398)	(54,801)
Net cash provided by (used in) investing activities		<u>(16,534)</u>	<u>(4,346)</u>
Net increase (decrease) in cash held		(301,424)	214,390
Cash at beginning of financial year		833,369	618,979
Cash at end of financial year	10	<u><u>531,945</u></u>	<u><u>833,369</u></u>

The accompanying notes form part of these statements.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

Objectives of the Prostitution Licensing Authority

The Prostitution Licensing Authority (PLA) was established as a statutory body from 1 July 2000 under the *Prostitution Act 1999*. Under the Act, the objectives of the PLA are to establish an efficient and effective brothel licensing regime, to ensure that licensed brothels operate in accordance with the legislation and that the objectives of the legislation are achieved.

During 2005-06, the PLA continued to be substantially funded through non-reciprocal government contributions.

1. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with Australian Equivalents to International Reporting Standards (AEIFRS) for the first time. The disclosures required by AASB 1 *First-time Adoption of Australian Equivalents to International Reporting Standards* concerning the transition from previous Generally Accepted Accounting principles (GAAP) to AEIFRS are provided in Notes 23 and 24.

The financial report is a general purpose financial report.

In particular, the financial statements comply with AAS 29 *Financial Reporting by Government Departments*, as well as the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2006, and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the PLA. The PLA controls no other entities.

(c) User Charges and Fees

Application fees for licences and certificates and fees for licences and certificates granted are recognised as revenues of the PLA. Other user charges are recognised as revenues when invoices for the related services are issued.



PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

(d) Grants and Contributions

Government grants, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the PLA obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(e) Sale of Assets

The profit or loss on sale of an asset is determined when control has passed to the buyer. The profit or loss for the sale of non current assets, is accounted for on a net basis.

(f) Cash Assets

For the purposes of the Balance Sheet and the Cash Flow Statement, cash assets includes all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

(g) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement on these amounts is generally required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for doubtful debts. The PLA did not have any bad debts at 30 June 2006.

(h) Acquisition of Assets

Actual cost is used for the initial recording of all non current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland department (whether as a result of a machinery-of-Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

(h) Acquisition of Assets cont'd

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland department are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(i) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following threshold are recognised for financial reporting purposes in the year of acquisition:

Plant and equipment	\$5,000
---------------------	---------

Plant and equipment, including leasehold improvements, is measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

All PLA non current assets are valued at cost, in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector* and as such no revaluations are required.

Items with a lesser value are expensed in the year of acquisition.

(j) Depreciation of Property, Plant and Equipment

Property, plant and equipment is depreciated on a straight line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the PLA.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the PLA.

The depreciable amount of leasehold improvements is allocated progressively over the estimated useful life of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of the lease includes any option period where exercise of the option is probable.

It is the intention of the PLA to sell motor vehicles on an annual basis therefore no depreciation is applied.



PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

(j) Depreciation of Property, Plant and Equipment cont'd

For each class of depreciable asset the following depreciation rates were used:

Class	Rate %
Plant and equipment	10-33.3%

(k) Impairment of Non-Current Assets

All non current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the PLA determines the asset's recoverable amount. Any amount by which the assets's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

(l) Leases

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

The PLA held no finance leases at 30 June 2006.

(m) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(n) Employee Benefits

Wages, Salaries, Annual Leave and Sick Leave

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement and include related on-costs such as WorkCover premiums, long service leave levies and employer superannuation contributions.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

(n) Employee Benefits cont'd

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Long Service Leave

Under the State Government's long service leave scheme, a levy is made on the PLA to cover this cost. Levies are expensed in the period they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 - Financial Reporting by Governments.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary. Contributions are expensed in the period in which they are paid or payable. The PLA's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report pursuant to AAS 31 - *Financial Reporting by Governments*.

(o) Insurance

With the exception of motor vehicles, which are insured through Suncorp, the PLA's non current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis. In addition, the PLA pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(p) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and expense.



PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

(q) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes are adjusted to 'Contributed Equity' in accordance with UIG Abstract 38 *Contributions by Owners Made to Wholly Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

(r) Taxation

The PLA is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the Australia Taxation Office are recognised and accrued.

(s) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairman of the Board and the Registrar at the date of signing the Management Certificate.

(t) Judgements and Assumptions

The PLA has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(u) Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1 or, where that amount is \$0.50 or less, to zero.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

	2006	2005
	\$	\$
2. User charges and fees		
Fees for licences granted	277,869	268,791
Fees for licence applications	51,738	37,744
Fees for certificates granted	2,073	1,333
Fees for certificate applications	47,571	31,397
Other fees	1,482	1,906
Total	<u><u>380,733</u></u>	<u><u>341,171</u></u>
3. Grants and Other Contributions		
Government operating grant	<u>376,000</u>	<u>806,000</u>
	<u><u>376,000</u></u>	<u><u>806,000</u></u>
4. Other Revenue		
Interest	39,919	29,969
Sale of equipment	1,016	-
Other	4,930	-
Total	<u><u>45,865</u></u>	<u><u>29,969</u></u>
5. Gains		
Gains on Sale of Property, Plant and Equipment		
Plant and equipment	<u>1,500</u>	<u>-</u>
Total	<u><u>1,500</u></u>	<u><u>-</u></u>
6. Employee Expenses/Number of Employees/Registrar's Remuneration		
Wages and salaries	521,620	475,252
Employer superannuation contributions	61,184	57,964
Long service leave levy	8,968	6,998
Other	18,542	13,835
Total	<u><u>610,314</u></u>	<u><u>554,049</u></u>



PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

	2006	2005
	\$	\$

6. Employee Expenses/Number of Employees/Registrar's Remuneration cont'd

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

Number of Employees:	8	8.5
Registrar's Remuneration:		
S02	104,254	

7. Supplies and Services

Contractors	39,319	32,106
Materials	58,181	48,738
Travel	7,593	7,311
Repairs and maintenance	17,199	14,490
Communications	14,121	14,622
Department of Police corporate service charges	20,000	20,000
Public utilities	10,245	10,246
Professional development	2,971	1,800
Assets not capitalised	15,066	-
Other	44,186	47,478
Total	<u>228,881</u>	<u>196,791</u>

8. Depreciation

Depreciation incurred in respect of:		
Plant and equipment	28,837	29,499
Total	<u>28,837</u>	<u>29,499</u>

9. Other Expenses

Insurance premiums - QGIF	1,560	1,420
Insurance premiums - Other	1,677	2,018
Auditor's remuneration - external audit services	10,000	9,500
PLA - Chairman and Members' fees	44,592	60,665
Losses from disposal of property, plant & equipment	5,437	647
Other	594	33
Total	<u>63,860</u>	<u>74,283</u>

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

	2006	2005
	\$	\$
10. Cash Assets		
Imprest account	300	300
Cash at bank	<u>531,645</u>	<u>833,069</u>
Total	<u>531,945</u>	<u>833,369</u>

The total for cash assets reconciles to cash at the end of the financial year as disclosed in the Cash Flow Statement.

Cash deposited in the Queensland Treasury Cash Management Incentive Regime earned interest at rates between 4.59% and 4.66%. (2005: 4.42% to 4.85%)

11. Receivables

Current

GST receivable	4,692	3,025
Interest receivable	7,469	8,689
Other debtors	-	428
Total	<u>12,161</u>	<u>12,142</u>

12. Other Current Assets

Prepayments	<u>1,689</u>	<u>1,560</u>
Total	<u>1,689</u>	<u>1,560</u>

13. Property, Plant and Equipment

Plant and equipment		
At cost	268,665	267,817
Less: Accumulated depreciation	<u>(119,057)</u>	<u>(101,391)</u>
Total	<u>149,608</u>	<u>166,426</u>



PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

13. Property, plant and equipment cont'd

Asset Reconciliation

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current reporting period.

	Plant and Equipment	
	2006	
	\$	
Carrying amount at 1 July	166,426	
Acquisitions	67,398	
Disposals	(55,378)	
Depreciation	(28,838)	
Carrying amount at 30 June	<u><u>149,608</u></u>	

	2006	2005
	\$	\$

14. Payables

Current

Trade creditors and accruals	25,821	42,965
Other	187	-
Total	<u><u>26,008</u></u>	<u><u>42,965</u></u>

15. Accrued Employee Benefits

Current

Recreation leave	43,030	37,163
Wages outstanding	10,325	41,924
Long service leave levy payable	181	622
Other	4,956	6,764
Total	<u><u>58,492</u></u>	<u><u>86,473</u></u>

Non Current

Recreation leave	27,652	23,596
Total	<u><u>27,652</u></u>	<u><u>23,596</u></u>

The discount rates used to calculate the present value of non current annual leave are 5.3412% and 5.3571% (2005: 5.2307% and 5.1462%).

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

	2006	2005
	\$	\$
16. Other		
Fees received in advance		
Fees for licences received in advance	144,723	155,689
Fees for certificates received in advance	409	215
	<u>145,132</u>	<u>155,904</u>
Fees for licences and certificates received in advance are monies held by the PLA pending a decision whether or not to approve the application.		
17. Reconciliation of Operating Surplus/Deficit to Net Cash Provided by (used in) Operating Activities		
Net surplus/(deficit) from ordinary activities	(266,440)	184,894
Depreciation	28,837	29,499
Loss on sale of property, plant and equipment	5,437	647
Gain on sale of property, plant and equipment	(1,500)	-
Property, plant and equipment written off	577	-
Change in operating assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	(1,667)	8,776
(Increase)/decrease in other receivables	1,648	119
(Increase)/decrease in prepayments	(129)	(1,560)
Increase/(decrease) in fees paid in advance	(10,772)	(73,136)
Increase/(decrease) in other payables and accruals	(16,957)	61,306
Increase/(decrease) in accrued employee benefits	<u>(23,925)</u>	<u>8,191</u>
Net cash provided by (used in) operating activities	<u>(284,890)</u>	<u>218,736</u>



PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

	2006	2005
	\$	\$
18. Commitments for Expenditure		
 Non-Cancellable Operating Lease		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	158,824	157,089
Later than one year and not later than five years *	154,050	314,178
Later than five years	-	-
 Total commitments	<u><u>312,874</u></u>	<u><u>471,267</u></u>

* The operating leases expired during the 2004-2005 financial year. The PLA has exercised the option to continue the tenancy for a further three years.

Operating leases are entered into as a means of acquiring access to office accommodation. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

No renewal or purchase options exist in relation to operating leases and no operating lease contains restrictions on financing or other leasing activities.

19. Contingencies

(a) Guarantees and undertakings

The PLA had provided no guarantees or undertakings at 30 June 2006.

(b) Litigation in progress

There are no known contingent assets or liabilities of a significant nature at 30 June 2006.

20. Events Occurring after Balance Date

There are no events occurring after balance date that materially affect the Financial Statements at 30 June 2006.

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

21. Financial Instruments

Transition to Australian Equivalents to International Financial Reporting Standards

The PLA has used the exemption in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and has not presented comparative information for financial instruments that complies with AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*.

No adjustments were required to comply with the new requirements set out in AASB 132 and AASB 139.

Categorisation of Financial Instruments

The PLA has categorised the financial assets and financial liabilities held as:

Financial Assets	Category
Cash	
Receivables	Loans and receivables (at nominal value)
Financial Liabilities	
Payables	Financial liability not at fair value through profit or loss (at nominal value)

Interest Rate Risk Exposure

The PLA's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities are shown in the following table:

	Contractual Repricing/ Maturity Date:					Total \$	Weighted Average Rate: %
	Floating Rate \$	1 year or less \$	1 to 5 years \$	Greater than 5 years \$	Non Interest Bearing \$		
Financial Assets							
Cash	531,645	-	-	-	300	531,945	4.63
Receivables					12,162	12,162	NA
	<u>531,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,462</u>	<u>544,107</u>	
Financial Liabilities							
Payables	-	-	-	-	26,008	26,008	NA
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,008</u>	<u>26,008</u>	

Floating interest rate represents the most recently administered market rate applicable to the instrument at 30 June 2006.



PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

21. Financial Instruments cont'd

Credit Risk Exposure

Credit risk exposure represents the extent of credit related losses that the PLA may be subject to on amounts to be exchanged under accounts receivable from financial assets.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for impairment as indicated in the Balance Sheet.

No significant credit risks have been identified.

Liquidity Risk

The PLA aims to reduce the exposure to liquidity risk by ensuring the PLA has sufficient funds available to meet employee liabilities, supplier liabilities and other obligations at all times. This is achieved by ensuring that appropriate levels of cash are held in our bank account so as to match the expected duration of the various employee liabilities, supplier liabilities and fees received in advance for brothel licences and managers' certificates.

Net Fair Value

The net fair value of cash assets, receivables and payables approximates their carrying value.

The carrying amounts and estimated fair values of financial assets and financial liabilities held at balance date are given below:

Financial Instruments	Total Carrying Amount		Net Fair Value	
	2006 \$	2005 \$	2006 \$	2005 \$
Financial Assets				
Cash	531,945	833,369	531,945	833,369
Receivables	12,162	12,142	12,162	12,142
Total	544,107	845,511	544,107	845,511
Financial Liabilities				
Payables	26,008	42,965	26,008	42,965
Total	26,008	42,965	26,008	42,965

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

21. Financial Instruments cont'd

Financial Assets Past Due But Not Impaired

	Contractual Repricing/ Maturity Date: Overdue					Total Assets	Total Financial Assets
	Not Overdue	Less than 30 Days	30 - 60 Days	61 - 90 Days	More than 90 Days		
	\$	\$	\$	\$	\$	\$	\$
Financial Assets							
Receivables	12,162	-	-	-	-	-	12,162
Total	<u>12,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,162</u>

Impaired Financial Assets

The PLA does not have a provision for impaired financial assets.

22. Remuneration of Board Members

Remuneration received, or due and receivable by Board Members from the PLA in connection with the management of the PLA. Remuneration includes fees received by Members. There were no payments made to the Members for salaries, commissions and contributions to member's superannuation and other benefits.

The number of responsible persons whose remuneration from the PLA was within the following specified bands were:

	2006	2005
Nil	3	3
\$1 - \$10,000 #	4	6
\$30,001 - \$40,000	1	1

The total remuneration paid to each Board Member of the PLA is as follows:

	\$
Manus Boyce - Chairman	36,600
Mr L Pollard	1,998
Ms A Bennison	1,554
Ms L Palmen AM	1,998
Ms A Murphy	2,442
Dr D Rowling	-
Assistant Commissioner G J McDonnell (QPS)	-
Mr J Callinan (Crime and Misconduct Commission)	-
Total remuneration	<u>44,592</u>

W J Carter QC (retired Chairman - May 2005)
 Dr I Wilkey (retired PLA Member - May 2005)



PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

23. Reconciliation of Adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AEIFRS) - as at 1 July 2004

Note	Previous GAAP 1 July 2004 \$	Effect of transition to AEIFRS \$	AEIFRS 1 July 2004 \$
Current assets			
Cash assets	618,979	-	618,979
Receivables	21,037	-	21,037
Other	-	-	-
Total Current Assets	640,016	-	640,016
Non Current Assets			
23.1 Intangibles	8,295	(8,295)	-
23.2 Property, plant and equipment	234,560	(42,333)	192,227
Total Non Current Assets	242,855	(50,628)	192,227
Total Assets	882,871	(50,628)	832,243
Current Liabilities			
Payables	260,009	-	260,009
23.3 Provisions	14,159	(14,159)	-
23.3 Accrued employee benefits	-	14,159	14,159
Total Current Liabilities	274,168	-	274,168
Non Current Liabilities			
23.4 Provisions	38,409	(38,409)	-
23.4 Accrued employee benefits	-	38,409	38,409
Total Non Current Liabilities	38,409	-	38,409
Total Liabilities	312,577	-	312,577
Net Assets	570,294	(50,628)	519,666
Equity			
23.5 Retained surpluses	570,294	(50,628)	519,666
Total Equity	570,294	(50,628)	519,666

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

Notes to Reconciliation

	\$
23.1 Write-off previously capitalised intangibles below new asset recognition threshold	(8,295)
Adjustment to intangible assets	<u>(8,295)</u>
23.2 Write-off previously capitalised assets below new asset recognition threshold	(42,333)
Adjustment to property, plant and equipment	<u>(42,333)</u>
23.3 Employee benefits are no longer a provision but are now an accrual	(14,159)
Adjustment to current liabilities	<u>(14,159)</u>
23.4 Employee benefits are no longer a provision but are now an accrual	(38,409)
Adjustment to non current liabilities	<u>(38,409)</u>
23.5 Write off previously capitalised intangibles and assets below new asset recognition threshold (refer 23.1 and 23.2)	(50,628)
Adjustment to retained surpluses	<u>(50,628)</u>

Income Statement and Cash Flow Statement

No material adjustments were required to the Income Statement and Cash Flow Statement as a result of transition to AEIFRS.

Depreciation expense decreased by \$15,741 as a result of the above adjustments to property, plant and equipment.



PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

24. Reconciliation of Adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AEIFRS) - as at 1 July 2005
Effect of transition to AEIFRS

Note	Previous GAAP 1 July 2005 \$	Opening Adjustments 1 July 2004 \$	2004-05 Adjustments \$	AEIFRS 1 July 2005 \$
Current assets				
	833,369	-	-	833,369
	12,142	-	-	12,142
	1,560	-	-	1,560
Total Current Assets	847,071	-	-	847,071
Non Current Assets				
24.1 Intangibles	4,765	(8,295)	3,530	-
24.2 Property, plant and equipment	196,699	(42,333)	12,061	166,426
Total Non Current Assets	201,464	(50,628)	15,591	166,426
Total Assets	1,048,535	(50,628)	15,591	1,013,497
Current Liabilities				
	248,179	-	-	248,179
24.3 Provisions	37,163	(14,159)	(23,004)	-
24.3 Accrued employee benefits	-	14,159	23,004	37,163
Total Current Liabilities	285,342	-	-	285,342
Non Current Liabilities				
24.4 Provisions	25,218	(38,409)	13,191	-
24.5 Accrued employee benefits	-	38,409	(14,813)	23,596
Total Non Current Liabilities	25,218	-	(1,622)	23,596
Total Liabilities	310,560	-	(1,622)	308,938
Net Assets	737,975	(50,628)	17,213	704,559
Equity				
24.6 Retained surpluses	737,975	(50,628)	17,213	704,559
Total Equity	737,975	(50,628)	17,213	704,559

PROSTITUTION LICENSING AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

Notes to Reconciliation

	\$
24.1 Write back amortisation for intangibles below new asset recognition threshold	3,530
Adjustment to intangible assets	<u>3,530</u>
24.2 Write back depreciation for assets below new asset recognition threshold	12,061
Adjustment to property, plant and equipment	<u>12,061</u>
24.3 Employee benefits are no longer a provision but are now an accrual	(23,004)
Adjustment to current liabilities	<u>(23,004)</u>
24.4 Employee benefits are no longer a provision but are now an accrual	13,191
Adjustment to non current liabilities	<u>13,191</u>
24.5 Impact of discounting on non-current recreation leave	(14,813)
Adjustment to non current liabilities	<u>(14,813)</u>
24.6 The adjustments to Retained Surplus are as follows:	
Write back amortisation and depreciation for assets below new asset recognition threshold (refer 24.1 and 24.2)	15,591
Impact of discounting on non-current recreation leave (refer 24.4 and 24.5)	1,622
Adjustment to retained surpluses	<u>17,213</u>

Income Statement and Cash Flow Statement

No material adjustments were required to the Income Statement and Cash Flow Statement as a result of transition to AEIFRS.

Depreciation expense decreased by \$15,590 as a result of the above adjustments to property, plant and equipment.

Employee expenses decreased by \$1,622 as a result of the above adjustment to non current accrued employee expenses.



CERTIFICATE OF THE PROSTITUTION LICENSING AUTHORITY

The general purpose financial report has been prepared pursuant to section 46F(1) of the *Financial Administration and Audit Act 1977* (the Act) and other prescribed requirements. In accordance with Section 46F(3) of the Act we certify that in our opinion:

- (a) the prescribed requirements for the establishment and keeping of the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Prostitution Licensing Authority for the financial year ended 30 June 2006 and of the financial position of the Prostitution Licensing Authority at the end of that year.

MARGARET W ISAAC
Registrar
25 September 2006

MANUS BOYCE
Chairman
25 September 2006

INDEPENDENT AUDIT REPORT

To the Board of the Prostitution Licensing Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Prostitution Licensing Authority for the financial year ended 30 June 2006 included on the Prostitution Licensing Authority's web site. The Authority is responsible for the integrity of the Prostitution Licensing Authority's web site. The Auditor-General has not been engaged to report on the integrity of the Prostitution Licensing Authority's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Prostitution Licensing Authority, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Scope

The Financial Report

The financial report of the Prostitution Licensing Authority consists of the income statement, balance sheet, statement of changes in equity, cash flow statement, notes to and forming part of the financial statements and certificates given by the Chairman and Registrar of the Prostitution Licensing Authority for the year ended 30 June 2006.

The Authority's Responsibility

The Authority is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Authority;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial report.



Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Audit Opinion

In accordance with section 46G of the *Financial Administration and Audit Act 1977* -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Prostitution Licensing Authority for the financial year 1 July 2005 to 30 June 2006 and of the financial position as at the end of that year.



P J NOTTINGHAM, FCPA
(as Delegate of the Auditor-General
of Queensland)

Queensland Audit Office
Brisbane

Appendix 1

Towns where approval has been granted by the Minister for Police for exemption from considering development applications for brothels:

Acland	Coolana	Harlin	Mooloolah	Tarampa
Allora	Coominya	Hebel	Moonie	Texas
Antigua	Cooya	Helidon	Moore	Thallon
Appletree Creek	Cooyar	Hivesville	Moranbah	Thargomindah
Aramac	Cordalba	Horton	Mossman	The Causeway
Aratula	Cotswold Hills	Hungerford	Mount Chalmers	The Caves
Atherton	Crawford	Inglewood	Mount Colliery	Theebine
Atkinson Dam	Curra	Innisfail	Mount Molloy	Tinnanbar
Aubigny	Daintree	Jondaryn	Mount Tarampa	Tiaro
Bajool	Dalby	Joskeleigh	Mount Tyson	Tieri
Bauple	Dalveen	Kabra	Mourilyan	Tinaroo
Bauple Estate	Dimbulah	Kairi	Mungindi	Tingoola
Beerburrum	Dirranbandi	Kalbar	Murgon	Tolga
Beerwah	Doolbi	Karara	Murphys Creek	Toobeah
Biddeston	Durong	Keppel Sands	Muttaborra	Toogoolawah
Biggenden	El Arish	Killarney	Nerimbera	Torrington
Bingil Bay	Emerald	Kingaroy	Newell	Vernor
Blackall	Emu Park	Kingsthorpe	Nobby	Walkamin
Bollon	Emu Vale	Kinka Beach	Noccundra	Wallangarra
Boonah	Esk	Kulpi	Oakey	Wangan
Booyal	Fernvale	Kumbia	Ogmore	Wangetti
Bouldercombe	Flinton	Kuranda	Patrick's Estate	Warrill View
Bowenville	Flying Fish Point	Kurrimine Beach	Peachester	Warwick
Brightview	Forest Hill	Laidley	Peranga	Westbrook
Bungunyah	Gatton	Landsborough	Pittsworth	Westmar
Burdekin	Glamorgan Vale	Leyburn	Port Douglas	Westwood
Buxton	Glass House Mountains	Linville	Pratten	Windsor Park
Byfield	Glendale	Lowood	Prenzlau	Withcott
Cambooya	Gleenlee	Maclagan	Proston	Witta
Capella	Glenmorgan	Maleny	Quinalow	Wivenhoe Pocket
Cawarral	Glenvale	Mareeba	Silkwood	Wondai
Cecil Plains	Glenwood	Marlborough	Somerset Dam	Wonga Beach
Childers	Gogango	Marmor	South Johnstone	Woodgate
Chillagoe	Goombungee	Maryvale	Southbrook	Wooroolin
Chinchilla Shire	Goondiwindi	Meandarra	St George	Wyreema
Clarendon	Gowrie Junction	Memerambi	Stanthorpe	Yangan
Clermont	Gracemere	Meringandan West	Stanwell	Yarraman
Clifton	Grantham	Millmerran	Stanage Bay	Yelarbon
Colinton	Great Keppel Is	Minden	Talwood	Yeppoon
Conondale	Gunalda	Mission Beach	Tannymorel	Zilzie
Coolabunia	Gundiah	Mondure	Tara	



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Contact Information

Prostitution Licensing Authority

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A copy of the Act and related amendments can be downloaded from the Legislation website – www.legislation.qld.gov.au or by contacting SDS Publications on telephone number (07) 3246 3399.